PLACE-TO-PLACE PRICE COMPARISONS
FOR SELECTED ALBERTA COMMUNITIES
SEPTEMBER 1987

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PLACE-TO-PLACE PRICE COMPARISONS FOR SELECTED ALBERTA COMMUNITIES 1987

A special study prepared under the sponsorship of
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INTRODUCTION

This report presents the results of a special survey to collect data on price comparisons which was sponsored by Syncrude Canada, Alberta Government Telephones and Alberta Social Services. The survey covered (5) five key communities, which were identified by the project sponsors. Data collection was conducted simultaneously during the first week in September, 1987.

The report is divided into three sections. The first includes tables showing survey results as well as a brief outline of highlights. The second section outlines methodology and the third lists items surveyed along with their respective weights. A broader description of the various types of price indexes and how they differ from a place-to-place or "spatial" price index, can be found in the 1985 edition of "Place-to-Place Price Comparisons for Selected Communities", or can be obtained by contacting Secondary Data Production, Alberta Bureau of Statistics.

The 1987 results can be electronically accessed via ASIST (Alberta Statistical Information System).

HIGHLIGHTS

1. Edmonton-Based Comparisons

The results of the price comparison survey are presented in Tables 1, 2 and 3. It should be noted that in all the indexes presented in these tables, Edmonton prices serve as the reference base, with each Edmonton index assigned a value of 100. All other indexes reflect community prices in terms of the base index. Therefore, communities with an index of 100 for any component category or for the total basket of goods, experienced prices equivalent to those in Edmonton. Indexes of less than 100 indicate community prices were lower than the base community, while those centres with indexes greater than 100 recorded prices higher than in Edmonton. It should also be noted that the number of items priced vary between communities, and as a result, the weighting patterns will also differ.

Table 1 presents the aggregate all-item indexes for each of the five survey communities. Table 1 also contains the food and non-food indexes, the overall weighting pattern for each community and the number of items surveyed. Table 1 indicates that, of the five communities surveyed, Edmonton had the lowest overall prices as well as the lowest food and non-food components. The highest overall prices were found in High Level with an index of 116 followed by Fort McMurray at 112. Not surprisingly, the community closest to Edmonton in overall and component indexes was Calgary with values 103 for all items, 104 for food and 102 for non-food items.

Table 2 illustrates the overall food index comparisons as well as the major food component indexes. Once again, High Level showed the highest prices, 120 overall, followed by Fort McMurray (115) and Peace River (111). By components, food prices were higher than Edmonton in all communities with the exception of Calgary's fresh fruit and vegetables

(94) and frozen and packaged food (99). The highest differentials were High Level's processed fruit and vegetables (133), fats and oils (129), frozen and packaged foods (128), cereals and breads (126), and dairy products (125). Fort McMurray's fresh fruit and vegetables component was also high at 124 as was that for Peace River (121).

Non-food item prices reflect the general trends already described. Overall, High Level was the most expensive (115) followed by Fort McMurray (111), Peace River (107) and Calgary (102). The largest single non-food component differential was Peace River's utilities index of 144. This was somewhat offset, however, by lower prices for shelter (98) and household equipment (98). With the exception of Peace River, all communities had higher shelter prices than Edmonton.

TABLE 1

FOOD, NON-FOOD AND ALL ITEM INDEXES

SEPTEMBER, 1987

COMMUNITIES	FOOD		NON-FOOD		ALL-ITEM		Weighting Pattern (% of average family expenditure on items surveyed)
	Number of Items Surveyed	Index	Number of Items Surveyed	Index	Number of Items Surveyed	Index	
Edmonton	110	100	131	100	241	100	65.79
Calgary	110	104	130	102	240	103	64.82
Fort McMurray	109	115	127	111	236	112	65.27
High Level	107	120	110	115	217	116	63.03
Peace River	109	111	129	107	238	107	65.55

TABLE 2

FOOD INDEXES BY COMPONENT CATEGORIES

SEPTEMBER, 1987

COMMUNITIES	Total Food	COMPONENT CATEGORIES							
		Dairy	Fats and Oils	Cereals and Breads	Processed Fruit & Veg.	Fresh Fruit & Vegetables	Meat, Fish Poultry	Frozen and Packaged Food	Restaurant Meals
Edmonton	100	100	100	100	100	100	100	100	100
Calgary	104	102	104	107	107	94	105	99	111
Fort McMurray	115	108	109	115	112	124	118	111	117
High Level	120	125	129	126	133	113	115	128	112
Peace River	111	106	114	111	105	121	110	108	113

TABLE 3

NON-FOOD INDEXES BY COMPONENT CATEGORIES

SEPTEMBER, 1987

COMMUNITIES	Total Non-Food	COMPONENT CATEGORIES								
		Personal Care Prod.	Household Supplies	Household Services	Household Equipment	Recreation & Leisure	Transpor-tation	Clothing	Shelter	Utilities
Edmonton	**100**	100	100	100	100	100	100	100	100	100
Calgary	**102**	107	104	116	112	102	88	102	111	106
Fort McMurray	**111**	117	110	130	88	110	104	98	121	109
High Level	**115**	134	124	121	106	111	106	102	118	127
Peace River	**107**	121	107	108	98	107	101	109	98	144

METHODOLOGY

1. Assumptions and Limitations within the Survey

This survey is designed to measure price differentials in goods and services between Edmonton and each of the selected communities during the survey period September 1-3, 1987. When using the indices the following assumptions and limitations should be acknowledged:

a. Although the survey includes a large number of items it does not cover the universe of consumer goods and services. In past surveys difficulties encountered with certain items in matching exact or equivalent items, such as for furniture, appliances, and draperies, in relation to the index weights associated with them, had not warranted their inclusion in the survey. Currently, the expenditure weight of the basket of goods surveyed accounts for approximately 65 percent of the Edmonton CPI in terms of item weights. The remaining 35 percent of the basket has been excluded because of unavailability and lack of comparability of some items in smaller centres.

b. The item weights used throughout this survey are based on the CPI implicit weighting pattern for Edmonton. Individual community weights are not available so an assumption was made that expenditure patterns, in terms of quantity and quality of goods purchased, was the same as Edmonton. In actuality the normal expenditure patterns outside of Edmonton may differ through the influence of income levels, through custom or local taste, availability, price, or other such factors.

c. This survey is not designed to measure temporal price changes. Present survey methodology does not allow for proper time series analysis, therefore historical survey results should not be compared to determine price changes over time.

d. The Place-to-Place Price Comparison Survey does not report cost-of-living indices. A true cost-of-living index incorporates the effect of price changes, substitution effects, and changes in standard of living due to price changes. Present methodology does not account for the effects of any of these changes. Instead, the survey presents price comparisons between communities for a specific time period.

e. The indices in Tables 1, 2 and 3 are calculated for independent comparisons to Edmonton. Because of the methodology employed in calculating survey results, these tables should not be used for inter-community comparisons.

2. Price Collection

The master list of items used in this survey is derived from Statistics Canada's item list for its Consumer Price Index. The 1987 Place-to-Place Price Comparison Survey included 241 items, which are listed in Appendix B.

To ensure a valid measure of prices between communities, considerable attention was given to the selection of items and brand names. Wherever possible, major national brands were selected to ensure availability in each community. When an item was unavailable in a given centre, pricers used a provided item description to select a substitute. The substitute was then priced in Edmonton and used in the final comparison for that particular community. Items priced were always consistent between Edmonton and each community but specifications for some items could differ among communities. If an item or a reasonable substitute was unavailable, it was omitted from the survey.

Prices were obtained through personal visits by Alberta Bureau of Statistics' staff or locally hired field personnel to retail stores and service outlets in each selected community. The selection of stores for pricing was made in advance based on sales volume information. A list of store names and addresses was provided for the pricers.

2. Non-Food Items

Category	Category Weight
Personal Care Products	4.59
Soap	
Shaving Cream	
Toothpaste	
Shampoo	
Hair Colour	
Cream/Lotion	
Perfume	
Deodorant	
Razor Blades	
Patent Medicine	
Cold Remedy	
Vitamins	
Band-Aids	
Cosmetics	
Toilet Tissue	
Sanitary Napkins	
Disposable Diapers	
Prescribed Medicine	
Men's Haircut	
Women's Haircut	
Tissues	
Household Supplies	1.23
Garbage Bags	
Light Bulbs	
Envelope	
Food Wrap	
Aluminum Foil	
Paper Towels	
Dish Soap	
Dishwasher Detergent	
Fabric Softener	
Detergent	
Bleach	
Scouring Powder	
Floor Wax	
Household Service	0.70
Dry Cleaning	
Coin Laundry	
Shoe Repair	
T.V. Repair	
Plumber	
Jewellery Repair	
Tailoring	
Household Equipment	0.50
Garbage Can	
Electric Drill	
Bed Shets	
Towels	
Vacuum Cleaner	
Coffee Maker	
Dishes	
Covered Casserole	

Category	Category Weight
Recreation and Leisure	6.55
Television	
Record	
Camera	
Camera Film	
Film Processing	
Batteries	
Driving Lessons	
Motel	
Bowling	
Newspaper	
Magazine	
Beer Consumed in Licensed Premises	
Liquor Consumed in Licensed Premises	
Cigarettes	
Sporting Event	
Monopoly Game	
Admission to Movie	
Flowers	
Bicycle	
Camping Equipment	
Transportation	13.35
Gasoline	
Oil	
Automobile Equipment	
Oil Changes	
Parking	
Taxi Fare	
Car Rental	
Tires	
Car Repair Part	
Minor Tune-Up	
Auto Insurance	
Car	
Truck	
Clothing	5.65
Womens:	
Raincoat	
Sweater	
Suit	
Blouse	
Dress	
Slacks	
Brassiere	
Brief	
Slip	
Pantyhose	
Wrist Watch	
Purse	
Mens:	
Coat	
Dress Slacks	
Shirt	
Casual Shoes	
Jeans	
Sports Shirt	
Sportswear	
Sweater	
Brief	
Undershirt	
Socks	
Wallet	

Category	Category Weight
Clothing (continued)	
Men's:	
Wrist Watch	
Boys:	
Jeans	
Jackets	
Brief	
Socks	
Girls:	
Jacket	
Slacks	
Jeans	
Socks	
Infants:	
Sleepers	
Footwear:	
Men's Dress Shoes	
Women's Dress Shoes	
Women's Casual Shoes	
Girl's Shoes	
Material	
Zipper	
Shelter	16.06
Tenants Insurance	
New House	
Rental Costs	
Property Taxes	
Utilities	3.75
Natural Gas	
Electricity	
Water & Sewage	

In order to minimize time-related errors and biases, prices in all centres were collected within a three-day period, September 1-3. Whenever possible, the regular price (sale prices were not recorded) of each item was priced in a minimum of 3 stores in each community.

3. Utilities and Shelter

The utilities and shelter categories were the only components of the survey not priced directly in the field. The Alberta Public Utilities Board and local governments provided utility rates for natural gas, electricity, water and sewage. The average annual tax bill per household was calculated using information supplied by Alberta Municipal Affairs.

Average rental accommodation costs for each community were calculated from information obtained from Alberta Municipal Affairs and Canada Mortgage and Housing Corporation.

The average prices in September, for a 1,200 sq. ft. bungalow, double garage, were provided by Canada Mortgage and Housing Corporation.

4. Weighting Pattern

For the purposes of the 1987 Place-to-Place Price Comparison Survey, the Edmonton implicit weighting pattern was applied to all surveyed locations. Individual community weighting patterns are not available. The item weights were developed from the 1982 Family Expenditure Survey and supplied by Statistics Canada. The item weights reflect the relative importance of commodity purchases expressed as a percentage of the total family budget.

The total item weights used ranged from 63.03% to 65.79% of the C.P.I. implicit weighting pattern for Edmonton. Variations in total item weight occurred due to the exclusion of some items and their respective item weights within a community. As noted above, exclusion of an item in a community occurred whenever a required item or a reasonable substitute could not be located within that community.

5. Calculation of Indices

Step i: Ratio of Prices: $\frac{\text{Average price of item in Community Y}}{\text{Average price of item in Edmonton}}$

Step ii: Weighted Ratio : Ratio of prices x Item weight

Step iii: Category Index : $\frac{\text{Sum of weighted ratios for a specific category}}{\text{Sum of item weights for specific category}} \times 100$

TYPE OF ITEMS SURVEYED BY COMPONENT CATEGORY

1. Food Items

Category	Category Weight
Dairy	1.773
Fresh Milk	
Whipping Cream	
Sour Cream	
Yoghurt	
Cottage Cheese	
Cheddar Cheese	
Processed Cheese	
Cream Cheese	
Butter	
Canned Milk	
Powdered Milk	
Ice Cream	
Fats and Oils	0.315
Margarine	
Shortening	
Cooking Oil	
Salad Dressing	
Non-Dairy Creamer	
Cereals and Breads	1.683
Cold Cereal	
White Flour	
Cake Mix	
Macaroni	
Rice	
Cooked Cereal	
White Bread	
Hot Dog Rolls	
Bran Muffins	
Cookies	
Crackers	
Frozen Cake	
Processed Fruits & Vegetables	0.45
Canned Peaches	
Canned Pears	
Canned Apple Sauce	
Canned Pineapple	
Canned Fruit Cocktail	
Canned Apple Juice	
Canned Orange Juice	
Raisins	
Canned Kidney Beans	
Canned Baked Beans	
Canned Tomatoes	
Canned Tomato Juice	
Canned Peas	
Canned Green Beans	
Fresh Fruit and Vegetables	1.31
Oranges	
Bananas	
Apples	
Grapefruit	
Grapes	

Category	Category Weight
Fresh Fruits & Vegs. (cont'd)	
Table Potatoes	
Tomatoes	
Lettuce	
Carrots	
Celery	
Onions	
Cabbage	
Turnips	
Meat, Fish, Poultry	3.34
Sirloin Steak	
Round Steak	
Standing Rib Roast	
Blade Roast	
Stewing Beef	
Hamburger	
Liver	
Bacon	
Weiners	
Smoked Ham	
Cottage Roll	
Pork Chop	
Pork Shoulder Steak	
Lamb	
Chicken	
Turkey	
Eggs	
Frozen Fish	
Canned Meat	
Luncheon Meat	
Canned Shrimp	
Meat, Fish, Poultry (cont'd)	
Canned Salmon	
Frozen & Packaged Food	1.86
Frozen Orange Juice	
Frozen Potatoes	
Frozen Peas	
Frozen Corn	
Frozen Fish	
Frozen Fish Specialty	
Frozen Meat Pie	
Canned Soup	
Baby Food	
Chocolate Bar	
Corn Syrup	
Drink Crystals	
Soft Drinks	
Jelly Powder	
Honey	
Jam	
Peanut Butter	
Salt	
Spices	
Pickles	
Catsup	
Macaroni Dinner	
Canned Stew	
Potato Chips	
Roasted Coffee	
Instant Coffee	
Tea	
Coffee	

Category	Category Weight
Frozen & Packaged Food (cont'd)	
Sugar	
Baking Soda	
Restaurant Meals	2.68
Breakfast	
Lunch	
Dinner	
Snack	
Carry-Out-Meal	
Canned Salmon	